

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[Second Reprint]

ASSEMBLY, No. 5506

STATE OF NEW JERSEY

DATED: JANUARY 6, 2020

The Senate Budget and Appropriations Committee reports favorably Assembly Bill No. 5506 (2R).

This bill repeals the statute that authorizes health insurance carriers to offer “Basic and Essential” health benefits plans in the individual health benefits market.

Under New Jersey law, the Basic and Essential Plan (B&E Plan) is authorized as an option under the individual health benefits plan. Enacted in 2002, the B&E Plan was designed as a reduced benefit plan to encourage additional individuals to purchase at least an “entry level” health benefits plan. The B&E Plan fails to meet the requirements of the federal Affordable Care Act’s (ACA) Essential Health Benefits in multiple ways. Thus, due to this interaction of State and federal law, the State requirement to offer the B&E Plan is preempted by the federal law. As a result, carriers are prohibited from offering B&E plans. Without this repeal, if the ACA is eliminated at the federal level, carriers would again be required to offer the B&E Plan in accordance with New Jersey law.

The bill also repeals another statute, enacted prior to the 2002 law, which required the offering of a “basic health benefits plan” and makes some conforming amendments elsewhere in the statutes, to eliminate any confusion.

As reported, Assembly Bill No. 5506 (2R) is identical to Senate Bill No. 3808, as amended and reported by the committee.

FISCAL IMPACT:

This bill is not certified as requiring a fiscal note.